

## 160 - Office of Insurance Commissioner

### A001 Agency Administration

The Office of the Insurance Commissioner (OIC) is responsible for regulating the insurance industry in Washington State. The activities of OIC are primarily funded by fees from insurance organizations. Agency management develops policies, regulations, and codes to ensure that the citizens of Washington are able to access affordable insurance; it also provides the administrative support necessary for other divisions within the office to carry out their functions. (Insurance Commissioner's Regulatory-State)

	FY 2006	FY 2007	Biennial Total
FTE's	38.6	38.2	38.4
GFS	\$0	\$0	\$0
Other	\$5,733,000	\$4,873,000	\$10,606,000
Total	\$5,733,000	\$4,873,000	\$10,606,000

**Statewide Result Area: Improve the economic vitality of businesses and individuals**

**Statewide Strategy: Provide consumer protection**

#### Expected Results

To provide executive and administrative services in support of the agency's mission in a professional, qualitative, and responsive manner which emphasizes efficiency and cost-effectiveness.

### A006 Monitoring Insurance Company Solvency

This activity protects consumers by monitoring the solvency of insurance carriers, health care service contractors, health maintenance organizations, and certified health plans authorized to conduct business in Washington State. Solvency issues may be identified through market conduct examinations, financial examinations, or financial analysis of statements filed by insurers. If increased monitoring activity and insurer's response to that activity do not result in an improvement of the solvency issues, the Insurance Commissioner may petition the Superior Court for a rehabilitation order. Upon entry of a rehabilitation order, the insurer's management is suspended, and the Insurance Commissioner and his/her staff, as officers of the court, manage the insurer's operations. If rehabilitation is deemed unlikely, the court may order the insurer liquidated. The Insurance Commissioner continues to manage the operations of the insurer until liquidation is complete. (Insurance Commissioner's Regulatory-State)

	FY 2006	FY 2007	Biennial Total
FTE's	54.8	58.0	56.4
GFS	\$0	\$0	\$0
Other	\$4,917,000	\$5,318,000	\$10,235,000
Total	\$4,917,000	\$5,318,000	\$10,235,000

**Statewide Result Area: Improve the economic vitality of businesses and individuals**

Appropriation Period: 2005-07 Activity Version: 2E - Agency recast for 06 supplemental

**Statewide Strategy: Provide consumer protection**

**Expected Results**

In addition to the financial and market conduct examinations completed, the Company Supervision staff also completes 540 detailed desk examinations of quarterly, annual, and supplemental financial statements, and reviews 96 monthly statements filed by domestic insurers; reviews cursory quarterly review of statements filed by almost 1,400 foreign insurers; and reviews intermediate quarterly statements filed by 270 financially distressed foreign insurers. This activity also contributes to the recovery for consumers measure listed with the Investigations and Enforcement activity.

Percentage of the biennial examination plan completed in order to maintain the 5-year cycle of domestic insurers.				
Biennium	Period	Target	Actual	Variance
2005-07	8th Qtr	12.5%		
	7th Qtr	12.5%		
	6th Qtr	12.5%		
	5th Qtr	12.5%		
	4th Qtr	12.5%	11.7%	(0.8)%
	3rd Qtr	12.5%	12.3%	(0.2)%
	2nd Qtr	12.5%	13.9%	1.4%
	1st Qtr	12.5%	12.3%	(0.2)%

**A005 Investigations and Enforcement**

Staff investigates and acts upon violations of laws and rules regarding sales and marketing practices, account standards, and related matters. Staff also assists consumers with problems involving insurance sales or marketing practices by agents, brokers, or insurers. (Insurance Commissioner's Regulatory-State)

	FY 2006	FY 2007	Biennial Total
FTE's	11.0	11.0	11.0
GFS	\$0	\$0	\$0
Other	\$957,000	\$991,000	\$1,948,000
Total	\$957,000	\$991,000	\$1,948,000

**Statewide Result Area: Improve the economic vitality of businesses and individuals**  
**Statewide Strategy: Provide consumer protection**

**Expected Results**

Appropriation Period: 2005-07 Activity Version: 2E - Agency recast for 06 supplemental

Amount recovered for consumers as a result of the Office of Insurance Commissioner's intervention.				
Biennium	Period	Target	Actual	Variance
2005-07	8th Qtr	\$2,950,000		
	7th Qtr	\$2,950,000		
	6th Qtr	\$2,950,000		
	5th Qtr	\$2,950,000		
	4th Qtr	\$2,950,000	\$2,999,676	\$49,676
	3rd Qtr	\$2,950,000	\$3,005,370	\$55,370
	2nd Qtr	\$2,950,000	\$4,372,107	\$1,422,107
	1st Qtr	\$2,950,000	\$1,963,574	\$(986,426)
2003-05	8th Qtr	\$2,941,750	\$3,496,707	\$554,957
	7th Qtr	\$2,941,750	\$4,657,261	\$1,715,511
	6th Qtr	\$2,941,750	\$4,045,784	\$1,104,034
	5th Qtr	\$2,941,750	\$1,946,208	\$(995,542)
	4th Qtr	\$2,941,750	\$4,615,963	\$1,674,213
	3rd Qtr	\$2,941,750	\$4,594,734	\$1,652,984
	2nd Qtr	\$2,941,750	\$7,639,718	\$4,697,968
	1st Qtr	\$2,941,750	\$3,125,267	\$183,517
2001-03	8th Qtr	\$2,873,000	\$6,708,122	\$3,835,122
	7th Qtr	\$2,873,000	\$5,452,332	\$2,579,332
	6th Qtr	\$2,873,000	\$4,221,030	\$1,348,030
	5th Qtr	\$2,873,000	\$3,986,357	\$1,113,357
	4th Qtr	\$2,870,000	\$5,758,789	\$2,888,789
	3rd Qtr	\$2,870,000	\$2,603,610	\$(266,390)
	2nd Qtr	\$2,870,000	\$2,956,663	\$86,663
	1st Qtr	\$2,870,000	\$4,195,231	\$1,325,231

Number of investigations and financial examinations of insurance agents and brokers completed.				
Biennium	Period	Target	Actual	Variance
2005-07	8th Qtr	150		
	7th Qtr	150		
	6th Qtr	150		
	5th Qtr	150		
	4th Qtr	150	119	(31)
	3rd Qtr	150	351	201
	2nd Qtr	150	446	296
	1st Qtr	150	305	155

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## **A003 Consumer Information and Advocacy**

Staff responds to oral and written complaints and inquiries from consumers regarding insurance companies, and acts as an advocate when appropriate. Assistance is rendered to enforce the various provisions of the insurance code and is based on authority to take disciplinary action against an insurance company and other licensees. The unit's primary function is to ensure that consumer rights have not been violated. Staff also provides information to help consumers make educated decisions about insurance purchases. (Insurance Commissioner's Regulatory-State)

	FY 2006	FY 2007	Biennial Total
FTE's	25.8	26.0	25.9
GFS	\$0	\$0	\$0
Other	\$2,007,000	\$2,098,000	\$4,105,000
Total	\$2,007,000	\$2,098,000	\$4,105,000

**Statewide Result Area: Improve the economic vitality of businesses and individuals**

**Statewide Strategy: Provide consumer protection**

### **Expected Results**

This activity also contributes to the recovery for consumers measure listed with the Investigations and Enforcement activity.

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Number of insurance consumer inquiries received and answered by the Office of the Insurance Commissioner				
Biennium	Period	Target	Actual	Variance
2005-07	8th Qtr	30,500		
	7th Qtr	30,500		
	6th Qtr	30,500		
	5th Qtr	30,500		
	4th Qtr	32,963	40,749	7,786
	3rd Qtr	32,963	44,408	11,445
	2nd Qtr	32,963	45,334	12,371
	1st Qtr	32,963	36,407	3,444
2003-05	8th Qtr	78,050	62,389	(15,661)
	7th Qtr	78,050	50,885	(27,165)
	6th Qtr	80,050	66,764	(13,286)
	5th Qtr	90,550	65,161	(25,389)
	4th Qtr	78,050	57,404	(20,646)
	3rd Qtr	78,050	57,313	(20,737)
	2nd Qtr	80,050	48,871	(31,179)
	1st Qtr	90,550	57,050	(33,500)
2001-03	8th Qtr	70,050	57,737	(12,313)
	7th Qtr	70,050	53,632	(16,418)
	6th Qtr	70,050	46,072	(23,978)
	5th Qtr	82,550	50,493	(32,057)
	4th Qtr	69,975	58,556	(11,419)
	3rd Qtr	69,975	45,849	(24,126)
	2nd Qtr	71,975	40,827	(31,148)
	1st Qtr	82,475	48,929	(33,546)

## A004 Health Insurance Benefit Advisors

The Statewide Health Insurance Benefits Advisors (SHIBA) HelpLine is a statewide network of trained volunteers who educate, assist, and advocate for consumers regarding health insurance and health care access issues. (Insurance Commissioner's Regulatory-State)

	FY 2006	FY 2007	Biennial Total
FTE's	17.2	16.1	16.7
GFS	\$0	\$0	\$0
Other	\$2,160,000	\$2,400,000	\$4,560,000
Total	\$2,160,000	\$2,400,000	\$4,560,000

**Statewide Result Area: Improve the health of Washingtonians**

Appropriation Period: 2005-07 Activity Version: 2E - Agency recast for 06 supplemental

**Statewide Strategy:** Provide access to appropriate health care

### Expected Results

SHIBA HelpLine staff and volunteers receive and answer over 100,000 inquiries per year targeting low-income populations that are least likely to approach the OIC directly. This activity also contributes to the consumer inquiries measure listed with the Consumer Information and Advocacy activity.

## A007 Policy and Enforcement

Staff handles enforcement actions against insurance companies, health carriers, and others; provides information and counsel to other agency divisions; and supports the public policy activities of the agency. (Insurance Commissioner's Regulatory-State)

	FY 2006	FY 2007	Biennial Total
FTE's	19.5	22.7	21.1
GFS	\$0	\$0	\$0
Other	\$1,884,000	\$2,776,000	\$4,660,000
Total	\$1,884,000	\$2,776,000	\$4,660,000

**Statewide Result Area:** Improve the economic vitality of businesses and individuals

**Statewide Strategy:** Provide consumer protection

### Expected Results

Number of enforcement actions and compliance plans issued against authorized insurers.				
Biennium	Period	Target	Actual	Variance
2005-07	8th Qtr	12		
	7th Qtr	12		
	6th Qtr	12		
	5th Qtr	12		
	4th Qtr	12	33	21
	3rd Qtr	12	15	3
	2nd Qtr	12	8	(4)
	1st Qtr	12	7	(5)

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Number of investigations of suspected illegal insurance entities completed.				
Biennium	Period	Target	Actual	Variance
2005-07	8th Qtr	13		
	7th Qtr	13		
	6th Qtr	12		
	5th Qtr	12		
	4th Qtr	12	9	(3)
	3rd Qtr	11	14	3
	2nd Qtr	11	16	5
	1st Qtr	11	10	(1)

## A002 Agents and Brokers Licensing and Education

Staff involved in this activity issues and renews licenses for agents, brokers, solicitors, adjustors, viatical settlement brokers, and others. Staff also administers continuing education requirements. (Insurance Commissioner's Regulatory-State)

	FY 2006	FY 2007	Biennial Total
FTE's	12.0	12.0	12.0
GFS	\$0	\$0	\$0
Other	\$782,000	\$814,000	\$1,596,000
Total	\$782,000	\$814,000	\$1,596,000

**Statewide Result Area:** Improve the economic vitality of businesses and individuals  
**Statewide Strategy:** Provide consumer protection

### Expected Results

Number of licenses and appointments issued for insurance agents and brokers licenses.				
Biennium	Period	Target	Actual	Variance
2005-07	8th Qtr	77,628		
	7th Qtr	77,628		
	6th Qtr	77,628		
	5th Qtr	77,628		
	4th Qtr	76,106	106,986	30,880
	3rd Qtr	76,106	78,315	2,209
	2nd Qtr	76,106	81,680	5,574
	1st Qtr	76,106	95,084	18,978

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## A008 Regulation of Insurance Rates and Forms

Staff reviews and approves the complex actuarial formulas, assumptions, and experience data submitted as part of a proposed rate filing to ensure rates are neither excessive, inadequate, nor unfairly discriminatory. Timely and accurate review is necessary to ensure the financial viability of the insurance company, as well as protecting Washington citizens from overcharges. Policy forms are reviewed to ensure that the terms and conditions of the insurance contract comply with state and federal laws prior to sale in Washington. (Insurance Commissioner's Regulatory-State)

	FY 2006	FY 2007	Biennial Total
FTE's	28.9	29.0	29.0
GFS	\$0	\$0	\$0
Other	\$2,649,000	\$2,744,000	\$5,393,000
Total	\$2,649,000	\$2,744,000	\$5,393,000

**Statewide Result Area: Improve the economic vitality of businesses and individuals**

**Statewide Strategy: Provide consumer protection**

### Expected Results

Rates and Forms staff reviews approximately 8,500 rate filings and 10,000 form filings per year.

Average number of days required to finalize the filing review process for insurance rate and form filings.				
Biennium	Period	Target	Actual	Variance
2005-07	8th Qtr	30		
	7th Qtr	30		
	6th Qtr	30		
	5th Qtr	30		
	4th Qtr	30	27.3	(2.7)
	3rd Qtr	30	30	0
	2nd Qtr	30	30.8	0.8
	1st Qtr	30	30.03	0.03



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**Grand Total**

	FY 2006	FY 2007	Biennial Total
FTE's	207.8	213.0	210.4
GFS	\$0	\$0	\$0
Other	\$21,089,000	\$22,014,000	\$43,103,000
Total	\$21,089,000	\$22,014,000	\$43,103,000